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Time to unwind: Stock and Working Capital optimisation

April 2019

Brexit uncertainty and addressing your inventory and working capital

Many organisations have stockpiled inventory to mitigate the risk that Brexit posed to their operations, impacting their working capital commitments

Why now?

- Businesses are faced with continued uncertainty on the timing of EU exit, but may not be able to hold stock indefinitely until there is more clarity.
- Businesses will need to closely manage their inventory profiles, and potentially unwind stockpiled Brexit inventory, as we enter into an extension period.

What short term steps can businesses take?

Review stockpiled inventory positions

- How much stockpiled inventory can be run down under normal operations or in line with existing no deal planning?
- Can stockpiled inventory can be held for an extended period?
- If stock build is unwound, can this be easily increased again?

Assess key supplier delivery dates

- Can supplier delivery dates be delayed without incurring additional costs and risking not meeting customer SLAs?

Review outstanding customer orders

- Can you adjust the delivery dates for customer orders?

Consider existing financing and working capital positions

- Can you secure the necessary financing to support the potential extended warehousing costs and/or accelerated stock build in advance of any future Brexit deadline?

Deloitte's approach to inventory management & working capital optimisation

Inventory management and working capital optimisation requires a focus on what is excess and what is insufficient, as well as insight into the underlying drivers for inventory, including stockpiling for specific events such as Brexit.

Our proven approach to inventory management and working capital optimisation is based on four phases:

Phase 1 – make it visible: map current inventory profile

Phase 2 – make it urgent: identify quick wins & prioritise opportunities

Phase 3 – make it happen: implement the targeted actions identified

Phase 4 – make it stick: embed and monitor



We use existing tools and advanced analytical capability to provide rapid insight to help our clients determine what inventory is needed and why, identify how to make short term, yet sustainable adjustments and calculating the effect on cash and working capital

Potential solutions to address stockpiled inventory positions range across the procurement, inventory and sales and marketing lifecycle. Appropriate solution(s) will vary across product types and therefore businesses need to undertake detailed analysis to determine an optimal strategy.

	Procurement	Inventory planning	Sales & Marketing
Tactical solutions	Review supplier contracts	Review forecast accuracy / bias	Initiate auctions
	Adjust minimum order quantities	Remove excess / obsolete stock	Run promotions / discounting
	Amend credit payment terms	Bring forward customer orders	Update pricing strategy
	Expedite / De-expedite POs		Push inventory to customers

Brexit uncertainty and making decisions on your stockpiled Brexit inventory

We bring together a multi-disciplinary team with expertise in inventory management and analytics

Deloitte tools and accelerators



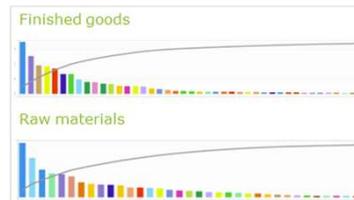
SupplyVue allows you to quickly gain visibility and insight across the end-to-end supply chain, using out-of-the box advanced analytics to drive effective decision making



Summary Dashboard



Stock availability review



Stock reduction review



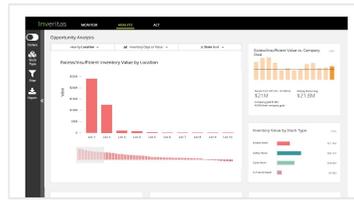
Our robust, multi-echelon inventory analytics platform, developed to deliver insights to support sustainable, demand-driven inventory management planning across supply chain organisations



Inventory driver analysis



Total inventory vs. Plan Analysis



Stock optimisation analysis

Our delivery team

We are a leading voice in navigating Brexit challenges and considerations with business and governments.

The experience and expertise of our Supply Chain Planning team means we can partner with you to confront your short term challenges arising from Brexit stockpiling, and to develop longer term strategies to adapt to a new UK-EU relationship and trading environment.



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